

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6862

BILL NUMBER: HB 1077

DATE PREPARED: Dec 18, 2001

BILL AMENDED:

SUBJECT: Child Support Arrearage.

FISCAL ANALYST: Michael Molnar

PHONE NUMBER: 232-9559

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a court may issue an order directing a person to pay a child support arrearage. The bill provides that the order is enforceable by contempt or any other remedy available for the enforcement of a child support decree.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues: This bill provides for separate court orders and enforcement remedies for child support arrearages. To the extent that enforcement leads to an increased recovery of child support payments by the state when payments have been assigned to the state by the application for assistance under TANF or AFDC, there could be positive impacts on local, state, and federal collections. This bill would apply to a child support arrearage arising from a dissolution of a marriage or a legal separation.

Background:

The local, state, and federal government only retain support payments or arrearages in Title IV-D cases where the child was on public assistance. *(Counties would participate in distributions applicable to previous participation in the AFDC public assistance payments.)* Under the current statutes governing the distribution of child support payments and arrearages due, money owed to the child is paid first before any money is distributed to units of government. The only exception is that money recovered from federal income tax refund intercepts are distributed to the state, local, and federal governments first. The table below indicates the magnitude of child support payments collected and distributed by the Child Support Bureau.

Disbursement of Child Support Collected			
Disbursed Collections	FY 1998	FY 1999	FY 2000
TANF Recipients	9,016,577	9,340,926	5,535,654
Non-TANF Recipients	192,305,234	227,705,292	324,503,885
Federal	11,384,809	11,129,190	13,372,262
State	6,005,080	5,988,161	7,224,981
County	8,690,896	8,280,279	5,776,763
Total Disbursements	\$227,402,596	\$262,443,848	\$357,002,273
Note: These numbers represent a snapshot in time. For FY 2000 \$558,707 is listed as a monthly adjustment. This amount refers to payments received that have not been allocated to the appropriate category. The information needed to distribute the funds had not been completed due to missing information.			

Explanation of Local Expenditures: Counties may experience increased jail costs due to this bill. The bill contains a provision for holding a non-custodial parent in contempt of court for non-payment of a child support arrearage. This is currently common practice for orders requiring child support. Codification of this power for child support arrearages may increase the incarceration rate. The average cost of a day in jail is \$40 per day.

Explanation of Local Revenues: See Explanation of State Revenues.

State Agencies Affected: Family and Social Services Administration, Division of Family and Children, Child Support Bureau.

Local Agencies Affected: County jails.

Information Sources: Amy Brown, Legislative Director for the Family and Social Services Administration, (317) 232-1149; *2000 Demographic Trend Report*, Division of Family and Children.